



The President's Daily Brief

23 October 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

23 October 1973

PRINCIPAL DEVELOPMENTS

Israel announced this morning that it will continue to fight on the Egyptian front because of Egyptian violations of the cease-fire. Cairo, in turn, has accused Israel of using the night following the cease-fire to strengthen its position on the west side of the Suez Canal. Cairo says it will attack Israeli units in the positions they occupied after the cease-fire. (Page 1)

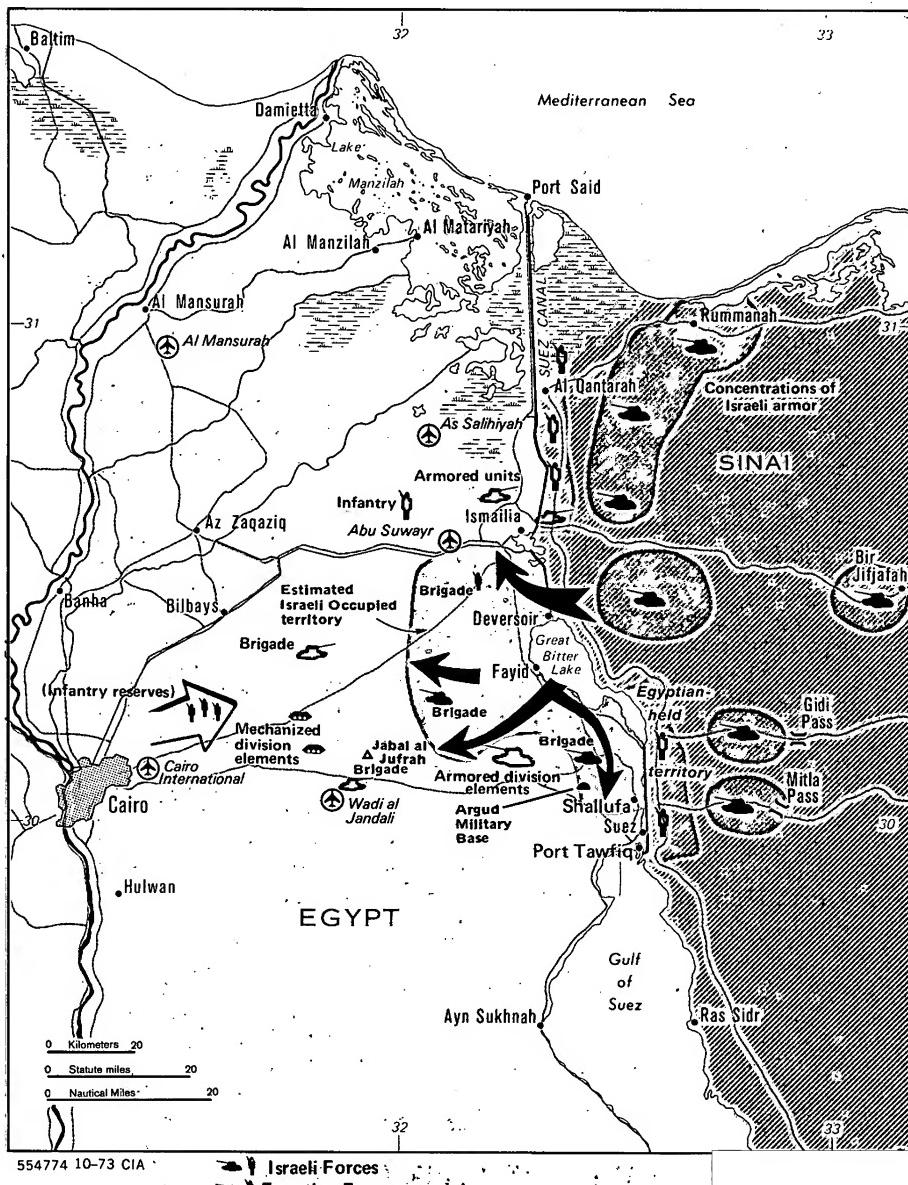
Arab oil and monetary pressures since the war began have caused the dollar to weaken only slightly. Losses have ranged between 0.5 and 1.5 percent relative to the major European currencies. (Page 3)

Prime Minister Souvanna's decision to halt the air-lift of Lao Communists into Vientiane further complicates implementation of the peace accords. Souvanna moved after high officials complained they were unable to monitor arrivals because of Communist obstructionism. (Page 4)

In Thailand, the new government is trying to get more support from the students as well as the military. Preoccupied with domestic problems, the new leaders continue to avoid pronouncements on foreign policy. (Page 5)

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Suez Canal Zone



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ARAB STATES - ISRAEL

Israel announced this morning that it will continue to fight on the Egyptian front because of Egyptian violations of the cease-fire. The Israelis say Egypt opened heavy fire this morning on Israeli forces on the west bank of the Suez Canal. The Egyptians, in turn, have accused Israel of using the night following the cease-fire to "occupy positions between our forces, especially on the west side of the canal," and announced that Egypt will attack Israeli units in the positions they occupied after the cease-fire.

[redacted] some Egyptian units were ordered yesterday afternoon to continue combat operations despite the cease-fire, but it is not clear that Egypt "incessantly and continuously" violated the agreement, as Israel claims. The Israelis, who have made important gains on the west bank over the past few days, may have required little in the way of Egyptian provocation before deciding to press their military advantage.

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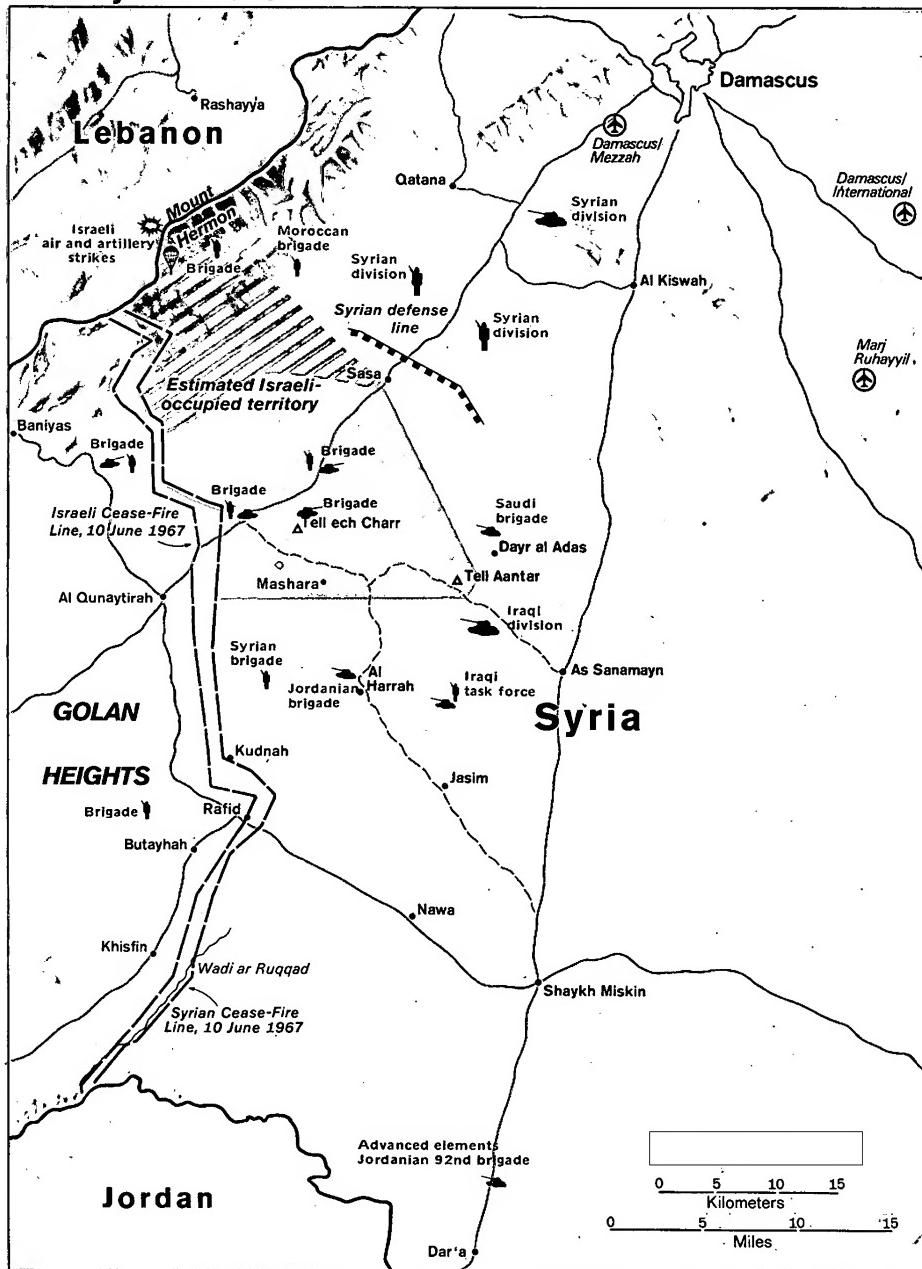
There was a brief respite yesterday at the time the cease-fire came into effect, but hostilities resumed quickly at the center of the Egyptian front. Tel Aviv claimed that Egyptian forces began shelling near Ismailia about an hour after the cease-fire deadline, and late last night Israeli spokesmen charged that Egypt was using "all sorts of weapons" along most sectors of the front. From the start, the Egyptians accused Tel Aviv of making false allegations as an excuse to break the cease-fire.

The Syrian front saw heavy fighting yesterday, particularly on the slopes of Mount Hermon, over which the Israelis claimed control following a major assault prior to the cease-fire deadline. There was continued fighting throughout yesterday, however, and the extent of Israeli control is unclear. The Israelis also mounted air and artillery attacks against fedayeen bases in Lebanon opposite Mount Hermon.

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The Syrian Front



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Syria's failure to accept or reject the cease-fire resolution, together with reports of protracted high-level meetings yesterday in Damascus, suggests that Syrian leaders were having trouble reaching a consensus. Israeli advances in the Mount Hermon area and Iraq's refusal to stop fighting undoubtedly complicated their calculations.

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In view of the resumed hostilities on the Egyptian front, however, there is bound to be continued fighting on the Syrian front as well. There are reports of Israeli air strikes and shelling in the Mount Hermon area early this morning.

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INTERNATIONAL MONETARY DEVELOPMENTS

The dollar showed little change on world money markets yesterday. US vulnerability to Arab oil and monetary pressures caused the dollar to weaken only slightly since the outbreak of Middle East fighting. The losses have ranged between 0.5 and 1.5 percent relative to the major European currencies.

Several factors have kept the dollar in its relatively strong position:

- Europe is itself exposed to Arab oil pressures and would also suffer under an Arab oil embargo of the US.
- Currency traders are reluctant to speculate against what many feel is an already undervalued dollar.
- Capital controls make it more expensive to shift money into the stronger European currencies.
- Doubts about the long-run strength of sterling and the French franc make those currencies an unattractive alternative to the dollar.

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LAOS

Prime Minister Souvanna's decision to suspend the airlift of Lao Communists to Vientiane further complicates implementation of the peace accords. Before the standdown on October 19, 380 Communists had arrived in the capital to serve on the joint security force, and the Communists had planned to continue the airlift through this week. The Prime Minister halted the flights after the Lao Army deputy commander in chief and government delegates to the Joint Committee to Implement the Agreement complained that they were unable to monitor the arrivals because the Communists have kept the committee from meeting.

For their part, the Communists have protested restrictions on their movement in Vientiane and contend that the facilities available to them there are inadequate. They claim they cannot assign personnel to the joint committee until the situation improves.

Souvanna has apparently decided to disabuse the Communists of the notion that they can extract more concessions before agreeing to activate the joint committee. His curtailment of the Communist flights also shows that he must continue to take into account rightist sensitivities on important matters such as the movement of Communists into Vientiane.

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THAILAND

The new government is trying to widen its base of support. Recognizing the students' new-found political muscle, Prime Minister Sanya has established an office, headed by Army General Saiyud, to facilitate student participation in government affairs. Saiyud has told US Embassy officers that he is impressed by the students' desire to cooperate with the Sanya government.

Meanwhile, Prime Minister Sanya, aware of the need for army support, has appointed army officers to several key posts, including chief of police, and has named a military man to head the prime minister's staff. The new leaders have tried to soften public criticism of the army's role, however, by announcing that officers entering the government will give up their military posts.

Preoccupied with domestic problems, Sanya and his cabinet continue to avoid public statements on foreign policy.

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